## In the Specification:

Applicant has amended the specification as follows:

Please replace the paragraph beginning at page 8, line 22, which starts with "Since the sensing current J" with the following amended paragraph:

Since the sensing current J flowing from the overlay portions 34a 334a is subjected to high resistance because of the high resistivity of the second antiferromagnetic layer 310, the component of the shunt J' flowing from the lead layers 334 directly to the substrate side of the second antiferromagnetic layer 310 through the bias layers 332 becomes a considerable magnitude, as shown in Fig. 22.

Please replace the paragraph beginning at page 61, line 21, which starts with "In the next first resist forming step" with the following amended paragraph:

In the next first resist forming step, as shown in Fig. 11, a first lift off resist L1 is formed on the laminated film 12a. The first lift off resist L1 comprises a butting surface 54 in contact with the laminated film 12a and the both side surfaces 55 holding the butting surface 54 therebetween, and a pair of notches 56 provided on both sides of the butting surface 514 54 in the track width direction to be located between the butting surface 54 and both side surfaces 55.

Please replace the paragraph beginning at page 84, line 11, which starts with "The other steps are performed" with the following amended paragraph:

The other steps are performed in the same manner as the first embodiment to obtain the spin valve thin film magnetic element 101 show shown in Fig. 18.

Please replace the paragraph beginning at page 88, line 24, which starts with "The first antiferromagnetic layer 4 is formed" with the following amended paragraph:



The first antiferromagnetic layer 4 is formed to extend to both sides in the  $\frac{X}{X1}$  direction shown in the drawing beyond the first pinned magnetic layer 5 and the free magnetic layer 7. The bias layers 232 and the lead layers 234 are laminated in turn on the extensions 4a of the first antiferromagnetic layer 4.

Please replace the paragraph beginning at page 95, line, which starts with "Namely, in the bias layer forming step for the spin valve thin film magnetic element 201" with the following amended paragraph:



Namely, in the bias layer forming step for the spin valve thin film magnetic element 201, the bias layers 232 are formed so that the upper surfaces 232a thereof are located at substantially the same layer position as the fourth ferromagnetic pinned layer 209c, as shown by two-dot chain lines in Fig. 7 or 13. Furthermore, the intermediate layers 233 are formed on the bias layers 332 232, as shown in Fig. 8 or 14.